MISSISSIPPI LEGISLATURE REGULAR SESSION 2011

By: Representative Moak

To: Appropriations

HOUSE BILL NO. 21

AN ACT TO ESTABLISH A RETIREMENT MEDICAL BENEFITS ACCOUNT FOR STATE OFFICERS AND EMPLOYEES FOR THE PURPOSE OF FUNDING BY THE EMPLOYERS ON A PRETAX BASIS BENEFITS FOR SICKNESS, ACCIDENT, HOSPITALIZATION AND MEDICAL EXPENSES FOR A PARTICIPANT AND HIS OR HER SPOUSE AND DEPENDENTS AFTER THE PARTICIPANT'S RETIREMENT; TO PROVIDE THAT THE DEPARTMENT OF FINANCE AND ADMINISTRATION SHALL ADMINISTER THE ACCOUNT; TO PROVIDE THAT THE PARTICIPANTS' EMPLOYERS SHALL MAKE CONTRIBUTIONS ANNUALLY TO THE ACCOUNT ON BEHALF OF THE PARTICIPANTS; TO PROVIDE THAT THE DEPARTMENT SHALL ESTABLISH A SUBACCOUNT FOR EACH PARTICIPANT; TO PROVIDE THAT THE BALANCE IN A RETIRED PARTICIPANT'S SUBACCOUNT MAY BE USED BY THE RETIRED PARTICIPANT AND HIS OR HER SPOUSE AND DEPENDENTS TO PAY PREMIUMS FOR INDIVIDUAL OR GROUP HEALTH COVERAGE AND OTHER HEALTH CARE RELATED EXPENSES; TO PROVIDE THAT THE SURVIVING SPOUSE OR DEPENDENT OF A RETIRED PARTICIPANT MAY USE AMOUNTS CREDITED TO THE RETIRED PARTICIPANT TO PAY HEALTH INSURANCE AND OTHER HEALTH CARE RELATED EXPENSES TO THE SAME EXTENT AND IN THE SAME MANNER AS THE RETIRED PARTICIPANT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) This act applies to an individual who is one (1) of the following:

(a) An employee of the executive, legislative, or judicial branch of state government.

(b) A state elected or appointed officer.

(c) An elected officer paid by the state.

(2) An individual described in subsection (1) is a participant in the retirement medical benefits account.

SECTION 2. As used in this act:

(a) "Account" means the retirement medical benefits account established by Section 3 of this act.

(b) "Board" means the State Personnel Board.

(c) "Department" means the Department of Finance and Administration.

(d) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended, if permitted with respect to governmental plans.

(e) "Participant" means an individual for whom a subaccount is established under Section 6 of this act.

(f) "Retired participant" means:

(i) A participant who is eligible for and has applied to receive a normal, unreduced or disability retirement allowance (as determined by the system) on the participant's last day of service.

(ii) A participant who has completed at least ten (10) years of service as an elected or appointed officer on the participant's last day of service as an elected or appointed officer. For a participant described in this subparagraph (ii) who has service with more than one (1) employer, the participant's years of service are the sum of all of the participant's years of service.

(g) "Subaccount" means a participant's allocable share of the account.

(h) "System" means the Public Employees' Retirement System.

SECTION 3. (1) The department shall adopt provisions to establish a retirement medical benefits account as a health reimbursement arrangement or as a separate fund under another applicable section of the Internal Revenue Code for the purpose of funding by an employer on a pretax basis benefits for sickness, accident, hospitalization and medical expenses for a participant and the participant's spouse and dependents after the participant's retirement.

(2) The department shall administer the account and may request the assistance of the board, the system and other state agencies. The account shall be maintained as a separate account to pay benefits for sickness, accident, hospitalization, and

medical expenses for retired participants and their spouses and dependents.

(3) Notwithstanding any other provision of this act, the department may not establish the account or implement the health reimbursement arrangement unless the Legislature makes a specific appropriation to implement the health reimbursement arrangement.

(4) The department may adopt rules or regulations that it considers appropriate or necessary to administer the account.

SECTION 4. The department may request from the Internal Revenue Service any rulings or determination letters that the department considers necessary or appropriate in order to implement or administer the account.

SECTION 5. (1) The department may designate the board of trustees of the system to manage the assets in the account in the same manner and with the same limitations that apply to the management of the assets of the system.

(2) The assets in the account may be commingled or pooled with other public funds for investment purposes.

(3) The account and subaccount records of individual participants and participants' information are confidential, except for the name and contributions made on behalf of the participant.

SECTION 6. (1) The account consists of the following:

(a) Contributions made by a participant's employer to the account under Section 7 or 8 of this act.

(b) All earnings on investments or deposits of the account.

(c) All contributions or payments to the account made in a manner provided by the Legislature.

(2) The administrative costs of the account shall be paid from the earnings of the account before the earnings are credited to participants' subaccounts.

(3) The department shall establish a subaccount for each participant. Each participant's subaccount shall be credited with:

(a) The contributions made to the account on behalf of the participant under this act; and

(b) After the costs described in subsection (2) of this section are paid, the earnings attributable to the balance of the subaccount.

SECTION 7. (1) A participant's employer shall make contributions annually to the account on behalf of the participant. The amount of the contribution each fiscal year must equal the following, based on the participant's age on the last day of the calendar year that is in the fiscal year in which the contribution is made:

Participant's Age in Years	Annual Contribution Amount
Less than 30	$500.00
At least 30, but less than 40	$800.00
At least 40, but less than 50	$1,100.00
At least 50	$1,400.00

(2) The department shall determine by rule or regulation the date on which the contributions are credited to participants' subaccounts.

SECTION 8. (1) If a participant meets all of the following conditions, the participant is entitled to receive an additional contribution credited to the participant's subaccount and computed as described in subsection (2) of this section:

(a) The participant is:

(i) On the participant's last day of service with the participant's employer, eligible for and has applied to receive a normal, unreduced retirement benefit from the system; or

(ii) On the participant's last day of service, an elected or appointed officer.

(b) The participant terminates service:

(i) From the employer; or

(ii) As an elected or appointed officer.

(c) By the participant's last day of service, the participant has completed:

(i) Fifteen (15) years of service with the employer; or

(ii) Ten (10) years of service as an elected or appointed officer.

(2) The amount of the contribution to a participant's subaccount under this section is the product of:

(a) The participant's years of service (rounded down to the nearest whole year):

(i) With the participant's employer, determined on the participant's last day of service with the participant's employer; or

(ii) As an elected or appointed officer, determined on the participant's last day of service as an elected or appointed officer; multiplied by

(b) One Thousand Dollars ($1,000.00).

(3) For a participant who has service with more than one (1) employer, the participant's years of service used in the computation under subsection (2)(a) of this section is the sum of all of the participant's years of service.

(4) The participant's employer must credit the additional contribution made under this section to the participant's subaccount not later than sixty (60) days after the participant's last day of service.

(5) A participant who meets the requirements to receive an additional contribution under this section may receive the additional contribution only once, regardless of the participant's employment after the payment of the additional contribution.

SECTION 9. (1) A retired participant is entitled to receive a benefit from the account.

(2) A participant who is not a retired participant is not entitled to receive a benefit from the account when the participant separates from service.

SECTION 10. The balance in a retired participant's subaccount may be used by the retired participant and the spouse and dependents of the retired participant to pay premiums for individual or group health coverage and other health care related expenses.

SECTION 11. (1) The surviving spouse or dependent of a retired participant may use amounts credited to the retired participant to pay health insurance and other health care related expenses to the same extent and in the same manner as the retired participant.

(2) If a retired participant dies without a surviving spouse or dependents, unused amounts credited to the retired participant are forfeited. Any forfeited amount may be used to reduce the contributions required under this act.

SECTION 12. The State Auditor shall annually review the financial status of the account.

SECTION 13. This act shall take effect and be in force from and after July 1, 2011.